

Statement of Net Cost

MAIN MENU

PRINT NC



ID #	Question	Answer	Discussion	Source
NC-1	Has all data call information furnished by the entity been adequately reflected in the statement?	?		
NC-2	Do amounts reflected on all lines reasonably represent the entity's expectations?	?		
NC-3	Is the depreciation or amortization of general PP&E recognized as an expense of the period and, therefore, does this amount appear on the Statement of Net Cost?	?		DoD FMR Vol 4, CH 6, p. 6
NC-4	Are nonexchange revenues included in the calculation of Net Cost of Operations?	?		DoD FMR 6B, Ch 5, p. 8
NC-5	Does the reporting entity include supporting schedules in the notes to the financial statements if the summary information of the suborganizations provided in the Statement of Net Cost is of insufficient detail to fully display its major programs and activities?	?		DoD FMR 6B, Ch 5, p. 6
NC-6	Are nonproduction costs that can be assigned to the programs included as part of the gross cost of a program?	?		DoD FMR 6B, Ch 5, p. 8
NC-7	Are costs or revenues that cannot be attributed to specific outputs or programs discussed in Note 19 (Disclosures Related to the Statement of Net Cost)?	?		DoD FMR 6B, Ch 5, p. 7

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-8	Are imputed costs limited to 4 categories: (1) employees' pension benefits, (2) health, life insurance, and other benefits for retired employees, (3) other post-employment benefits, and (4) losses in litigation proceedings related to the Judgment Fund not reimbursed by the Department?	?	Automated. Accomplished by DDRS footnote maps. Disclosed in Footnote 19D Schedule.	DoD FMR 6B, Ch 5, p. 7
NC-9	Are material amounts related to stewardship assets provided in the RSSI section of the financial statements?	?		DoD FMR 6B, Ch 5, p. 8
NC-10	Is the full amount of exchange revenues reported on the Statement of Net Cost or supplementary schedule, regardless of whether the entity is permitted to retain the revenues in whole or in part?	?		DoD FMR 6B, Ch 5, p. 9
NC-11	Is the portion of exchange revenue of the entity that cannot be retained by the entity reported as a transfer-out on the Statement of Changes in Net Position?	?		DoD FMR 6B, Ch 5, p. 9
NC-12	Were material extraordinary gains/losses reported on Line 2 (Cost Not Assigned to Programs) and also disclosed in Note 19 (Disclosures Related to the Statement of Net Cost)?	?		DoD FMR 6B, Ch 5, p. 10
NC-13	Was earned revenue that cannot be attributable to particular outputs or programs reported separately as a deduction in arriving at net cost of operations of the sub-organization or reporting entity as a whole?	?		DoD FMR 6B, Ch 5, p. 10
NC-14	Are net costs reported for the entity as a whole and for its suborganizations and major programs?	?		OMB Bulletin 01-09, p. 28, section 4.1

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-15	Does the entity present responsibility segments that align directly with the major goals and outputs described in the entity's strategic and performance plans, required by the Government Performance and Results Act of 1993 (GPRA)?	?		SFFAS 4, par. 69; OMB Bulletin 01-09, p. 28, section 4.1
NC-16	In its Statement of Net Cost, does the entity show the following?			SFFAS 7, par. 43 & 44; OMB Bulletin 01-09, pp. 28 & 29, section 4.1 & p. 30, section 4.2
	a. the gross cost of goods and services provided to federal government agencies (intragovernmental)	Yes	Automated. Accomplished by DDRS preformatted SNC.	
	b. the gross cost of goods, services, transfers, and grants provided to the public	Yes	Automated. Accomplished by DDRS preformatted SNC.	
	c. related exchange revenues	Yes	Automated. Accomplished by DDRS preformatted SNC.	
	d. excess of costs over exchange revenues (net program costs)	Yes	Automated. Accomplished by DDRS preformatted SNC.	
	e. costs that cannot be assigned to specific programs or outputs	Yes	Automated. Accomplished by DDRS preformatted SNC.	
	f. the exchange revenues that cannot be attributed to specific programs and outputs	Yes	Automated. Accomplished by DDRS preformatted SNC.	
NC-17	Are the costs related to the production of goods and services provided to other programs (intragovernmental) reported separately from the costs of goods, services, transfers, and grants provided to the public?	Yes	Automated. Accomplished by DDRS preformatted SNC.	OMB Bulletin 01-09, p. 31, section 4.3

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-18	Are costs related to the production of outputs reported separately from costs that are not related to the production outputs (i.e., nonproduction costs)?	?		OMB Bulletin 01-09, p. 31, section 4.3
NC-19	Are costs that cannot be directly traced or assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs and programs reported on the Statement of Net Cost as "Costs not assigned to programs?"	?		SFFAS 4, par. 92; OMB Bulletin 01-09, p. 32, section 4.6
NC-20	Has the entity established appropriate procedures and practices to enable the consistent and regular collection, measurement, accumulation, analysis, interpretation, and communication of cost information?	?		SFFAS 4, par. 68-70
NC-21	As a means of providing cost information in an efficient and reliable manner on a continuing basis, does the reporting entity regularly accumulate and report the costs of its activities either by means of cost accounting systems or cost finding techniques?	?		SFFAS 4, par. 67-70
NC-22	Does the reporting entity use a cost accounting system or cost finding technique that can perform at least a certain minimum level of cost accounting as well as provide basic cost information necessary to accomplish the objectives associated with planning, decision-making, control, and reporting?	?		SFFAS 4, par. 71

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-23	Does the reporting entity's cost accounting system or costs finding technique, at a minimum, do the following?			SFFAS 4, par. 71
	a. collect cost information by responsibility segments which have been identified by management	?		
	b. define outputs for each responsibility segment	?		
	c. measure the full cost (including the cost of goods or services provided by other entities) of outputs so that total operational costs and total unit costs of outputs can be determined	?		
	d. use a costing methodology (e.g., activity-based, job order, standard costing) that is appropriate for management's needs and the operating environment	?		
	e. provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of GPRA (or interface with a system that provides such information)	?		
	f. report cost information in a timely manner and on a regular basis consistent with the needs of management and budgetary and financial reporting requirements	?		
	g. rely on the United States Standard General Ledger as a basis for integrating its cost information with its general financial accounting capability	?		
	h. supply cost data precise enough to provide reliable and useful information to internal and external users in making evaluations or decisions but also avoid unnecessary precision and refinement of data	?		
	i. accommodate management's special cost information needs	?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-24	Are all managerial cost accounting activities, processes, and procedures documented?	?		SFFAS 4, par. 71
NC-25	In determining the appropriate detail for its cost accounting processes and procedures, has the reporting entity considered the following?			SFFAS 4, par. 72
	a. nature of its operations	?		
	b. the precision desired and needed in cost information	?		
	c. the practicality of data collection and processing	?		
	d. the availability of electronic data-handling facilities	?		
	e. the cost of installing, operating, and maintaining the cost accounting processes	?		
	f. any specific information needs of management	?		
NC-26	Has the entity used similar or compatible cost accounting processes throughout its component units?	?		SFFAS 4, par. 73
NC-27	Has the management of the reporting entity defined and established responsibility segments?	?		SFFAS 4, par. 77
NC-28	Does management designate or establish responsibility segments based on the following?			SFFAS 4, par. 86
	a. the entity's organizational structure	?		
	b. its lines of responsibility and missions	?		
	c. its output (goods or services it delivers)	?		
	d. budget accounts and funding authorities	?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-29	For each responsibility segment, does the entity do the following?			SFFAS 4, par. 79 & 88
	a. define and accumulate outputs and, if feasible, quantify each type of output in units	?		
	b. accumulate costs and quantitative units of resources consumed in producing the outputs	?		
	c. assign costs to outputs and calculate the cost per unit of each type of output	?		
	d. establish cost centers within responsibility segments, as needed	?		
NC-30	Does the reporting entity include supporting schedules in the notes to the financial statements if the suborganization's summary information provided in the Statement of Net Cost does not fully display the suborganization's major programs and activities?	?		OMB Bulletin 01-09, pp. 88-90, section 9.21
NC-31	Does the reporting entity disclose gross cost and earned revenue, by budget functional classification?	?		OMB Bulletin 01-09, p. 91, section 9.25
NC-32	Does the reporting entity include all direct costs in the full cost of outputs?	?		SFFAS 4, par. 90
NC-33	Does the reporting entity also include the following in the full cost of outputs?			SFFAS 4, par. 91, 122, & 123
	a. indirect costs incurred within a responsibility segment	?		
	b. the costs of support services that a responsibility segment receives from other segments or entities	?		
NC-34	Are the costs of employee benefits included as part of the cost of outputs?	?		SFFAS 4, par. 93-97

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-35	Are the costs of other postemployment benefits reported as expenses for the period during which a future outflow or other sacrifice of resources is probable and measurable on the basis of an event occurring on or before the accounting date?	?		SFFAS 4, par. 96-97
NC-36	Does the full costs of transfer payments for welfare, insurance, grants, and other public assistance programs include the following separately components?			SFFAS 4, par 98-101; OMB Bulletin 01-09, pp. 30-32 section 4.3
	a. the costs of federal resources that have been or will be transferred to individuals and stat/local governments	?		
	b. the costs of operating the programs	?		
NC-37	Are the costs of acquiring or constructing heritage assets excluded from the full cost of goods and services and treated as a program cost or period expense?	?		SFFAS 4, par. 103
NC-38	Does the reporting entity include in its Statement of Net Cost the full costs of goods and services received from other federal entities?	?		SFFAS 4, par. 105
NC-39	Does the entity providing goods or services to another reporting entity recognize in its accounting records, as well as disclose to the receiving entity, the full cost of goods and services provided?	?		SFFAS 4, par. 108

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-40	Is recognition of interentity costs that are not fully reimbursed limited to material items based on an assessment of the importance of the individual interentity transaction in light of the following factors?			SFFAS 4, par. 112
	a. significance to the entity	?		
	b. directness of relationship to the entity's operations	?		
	c. identifiability	?		
NC-41	Are the costs of broad, general support services provided by a federal entity to other federal entities excluded from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)?	?		SFFAS 4, par. 112
NC-42	If the receiving entity cannot get complete information on the full cost of goods or services provided by another reporting entity, does the receiving entity use a reasonable estimate of the cost of the goods or services received or the market value of the goods or services received if an estimate of the cost cannot be made?	?		SFFAS 4, par. 109
NC-43	Are interentity expenses and financing sources eliminated for any consolidated financial statements covering both entities?	?		SFFAS 4, par. 109
NC-44	Is the entity's accounting system capable of identifying costs with responsibility segments?	?		SFFAS 4, par. 118
NC-45	Are the costs of resources consumed by responsibility segments classified by type of resource, such as costs of employees, materials, capital, utilities, and rent?	?		SFFAS 4, par. 119
NC-46	Are data on the quantity of units (e.g., staff days, gallons of gasoline consumed) related to the various cost categories maintained, when appropriate and feasible?	?		SFFAS 4, par. 119

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-47	Are costs assigned to outputs using the methods in the following order of preference? a. directly tracing costs used in the production of an output, wherever economically feasible b. assigning costs on a cause-and-effect basis c. allocating costs on a reasonable and consistent basis			SFFAS 4, par. 124
		?		
		?		
		?		
NC-48	For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics?	?		SFFAS 4, par. 136
NC-49	Are common costs assigned to activities either on a cause-and-effect basis, if feasible, or through reasonable allocations?	?		SFFAS 4, par. 140
NC-50	Are the full costing methodologies that are most appropriate to a segment's operating environment used and consistently followed, and any changes made documented and explained?	?		SFFAS 4, par. 145 & 146
NC-51	Are earned revenues deducted from the full cost of outputs or outcomes, if practical, to determine their net costs?	?		SFFAS 7, par. 43; OMB Bulletin 01-09, p. 32, section 4.4
NC-52	Is the net amount of gains (or losses) subtracted from (or added to) the gross cost to determine net cost of operations and programs?	?		SFFAS 7, par. 44; OMB Bulletin 01-09, p. 28, section 4.1
NC-53	If the entity incurs virtually no cost in connection with earning exchange revenue, is such revenue not recognized in the Statement of Net Cost, but shown as a financing source on the Statement of Changes in Net Position or (if appropriate) Statement of Custodial Activity?	?		SFFAS 7, par. 45

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-54	If the collecting entity transfers exchange revenue to a second entity, does the second entity follow similar revenue recognition (i.e., match revenues against actual costs unless no costs are incurred)?	?		OMB Bulletin 01-09, p. 32, section 4.4
NC-55	Does a reporting entity that provides goods or services to the public or other government entity disclose the following in a note or narrative?			SFFAS 7, par. 46 & 47
	a. a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25 and the possible effect on demand and revenue if prices were raised to reflect the market or full cost	?		
	b. exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or market price, or the possible effect on demand and revenue if prices were raised to reflect the market or full cost	?		
	c. the nature of intragovernmental exchange transactions in which goods or services are provided free or at less than full cost and the reasons for disparities between billing (if any) and full cost	?		
	d. the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable	?		
NC-56	Is collected custodial nonexchange revenue that is legally retained by the collecting entity as reimbursement for the cost of collection, recognized as exchange revenue in determining the collecting entity's net cost of operations?	?		SFFAS 7, par. 60.3; OMB Bulletin 01-09, p. 52, section 8.1
NC-57	Is revenue received from the public or other government entity in return for providing goods or services recognized and reported in the Statement of Net Cost as exchange revenue?	?		SFFAS 7, par. 34; OMB Bulletin 01-09, p. 32, section 4.4

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-58	If an exchange transaction is likely to be unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense?	?		SFFAS 7, par. 35
NC-59	Is exchange revenue recognized when services are performed for transactions in which services are provided to the public or another government entity?	?		SFFAS 7, par. 34 & 36(a)
NC-60	If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss) recognized in proportion to estimated total cost when goods and services are acquired to fulfill the contract?	?		SFFAS 7, par. 36(b)
NC-61	When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer?	?		SFFAS 7, par. 36(c)
NC-62	If services are rendered continuously or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset?	?		SFFAS 7, par. 36(d)
NC-63	Is interest received on intragovernmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue?	?		SFFAS 7, par. 36(d)
NC-64	When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser?	?		SFFAS 7, par. 36(e)
NC-65	When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the cost of providing the corresponding goods and services is incurred?	?		SFFAS 7, par. 37
NC-66	Is the measurement of revenue from exchange transactions based on the actual price received or receivable under established pricing arrangements?	?		SFFAS 7, par. 38

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-67	If the realization of the full amount of exchange revenue is not probable for reasons apart from credit losses (e.g., returns and allowances), is a provision made to reduce the recognized revenue (if amounts can be reasonably estimated), with the provision recognized as a revenue adjustment?	?		SFFAS 7, par. 41
NC-68	Is exchange revenue broken out by major category and linked, where possible, to the net costs of related outputs, programs, organizations, or suborganizations in the Statement of Net Cost?	?		SFFAS 7, par 43; OMB Bulletin 01-09, p. 32, section 4.4
NC-69	Are pensions and ORB recognized as expenses at the time the employee's services are rendered?	?		SFFAS 5, par. 59
NC-70	Are postemployment benefits recognized as expenses at the time the accountable event occurs?	?		SFFAS 5, par. 59
NC-71	Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate pension expense, the liability for the administrative entity financial statements, and the expense for the employer entity financial statements?	?		SFFAS 5, par. 64

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-72	When using the "aggregate entry age normal" actuarial cost method, does the entity allocate pension expenses on the basis of a level percentage of earnings?	?		SFFAS 5, par. 64
NC-73	Does the administrative entity base its actuarial assumptions for pension plans on the experience of the covered groups, long-term trends, and guidance of the Actuarial Standards Board (inserted by DoDIG American Academy of Actuaries)?	?		SFFAS 5, par. 65
NC-74	Does the administrative entity base its interest rate assumptions on the estimated long-term investment yield for the pension plan or, if the plan is not being funded, on some other appropriate long-term assumption (e.g., the federal long-term borrowing rate)?	?		SFFAS 5, par. 66
NC-75	Does the administrative entity disclose the assumptions used to calculate pension benefit expenses?	?		SFFAS 5, par. 67
NC-76	When a new pension plan is initiated or current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization?	?		SFFAS 5, par. 69 & 70
NC-77	Does the administrative entity recognize actuarial gains and losses immediately, without amortization?	?		SFFAS 5, par. 69 & 70
NC-78	Does the administrative entity report a pension expense for the net of the following components, with disclosure of the individual components? a. normal cost b. interest on pension liability during the period c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any			SFFAS 5, par. 72; OMB Bulletin 01-09, p. 80, section 9.14
		?		
		?		
		?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
	d. actuarial gains or losses (including any gains or losses due to a change in the medical inflation rate assumption) during the period, if any	?		
NC-79	Does the administrative entity report pension plan revenue for the sum of contributions from the following entities?			SFFAS 5, par. 73 & 78
	a. the employer	?		
	b. its employees	?		
	c. financing from the general fund to cover prior service or other costs for which contributions were not provided by the employer or employee	?		
	d. interest on the plan's investments	?		
NC-80	In the financial report, does the employer entity recognize a pension expense that equals the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any?	?		SFFAS 5, par. 74
NC-81	Is the employer entity's pension expense balanced by (1) a decrease to its "fund balance with Treasury" for the amount of its contribution to the pension plan, if any; and if this does not equal the full pension expense, by (2) an increase to an account representing an intragovernmental financing source (e.g., "imputed financing- expenses paid by other agencies."	?		SFFAS 5, par. 75
NC-82	If the employer entity is also the administrative entity, does it also report the liability and recognize the expense for all components of the pension plan's cost?	?		SFFAS 5, par. 71 & 76
NC-83	Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate the ORB expense and liability for the administrative entity financial statements and the expense for the employer entity financial statements?	?		SFFAS 5, par. 82

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-84	Are expenses and other liabilities attributable to ORB expenses allocated based on the service rendered by each employee?	?		SFFAS 5, par. 82
NC-85	Do the amounts calculated for financial reports prepared for ORB plans reflect the following? a. general actuarial and economic assumptions that are consistent with those used for pensions b. a health care cost trend assumption that is consistent with Medicare projections or other authoritative sources appropriate for the population covered by the plan			SFFAS 5, par. 83
		?		
		?		
NC-86	Does the administrative entity discount the projected ORB costs at the rate of expected return of plan assets, if the plan is being funded, or on some other long-term assumptions (e.g., the long-term federal government borrowing rate) for unfunded plans?	?		SFFAS 5, par. 83
NC-87	Does the administrative entity disclose the assumptions used to calculate projected ORB costs?	?		SFFAS 5, par. 83
NC-88	Is the accrual period for ORB based on the expected retirement age rather than the age when the employee first becomes eligible for retirement benefits?	?		SFFAS 5, par. 84
NC-89	When a new ORB plan is initiated or current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization?	?		SFFAS 5, par. 86 & 87
NC-90	Does the administrative entity recognize all actuarial gains and losses from changes in the ORB liability immediately, without amortization?	?		SFFAS 5, par. 86 & 87
	Does the administrative entity report an ORB expense (e.g., health insurance) for the net of the following components with disclosure of the individual components? a. normal cost b. interest on the ORB liability during the period			SFFAS 5, par. 88;
		?		
		?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-91	c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any	?		OMB Bulletin 01-09, p. 80, section 9.14
	d. any gains/losses due to a change in the medical inflation rate assumption	?		
	e. other actuarial gains or losses during the period, if any	?		
NC-92	Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees?	?		SFFAS 5, par. 89

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-93	In the financial report, does the employer entity recognize ORB expenses equal to the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any?	?		SFFAS 5, par. 90
NC-94	Is the employer entity's ORB expense balanced by either of the following?			SFFAS 5, par. 91
	a. a decrease to its "fund balance with Treasury" for the amount of its contribution to the ORB plan, if any	?		
	b. an increase to an account representing an intragovernmental imputed financing source (e.g., "imputed financing-expenses paid by other entities")	?		
NC-95	If the employer entity is also the administrative entity, does it also report the liability and recognize the expense for all components of the ORB's cost?	?		SFFAS 5, par. 88 & 92
NC-96	Does the employer recognize an expense and a liability for OPEB when a future outflow or other sacrifice of resources is probable (i.e., more likely than not) and measurable?	?		SFFAS 5, par. 95
NC-97	Upon sale or use of inventory, is the related expense recognized and the cost of those goods removed from the inventory asset account?	?		SFFAS 3, par. 19
NC-98	To arrive at the historical cost of ending inventory and cost of goods sold, is one of the following cost flow assumptions used?			SFFAS 3, par. 22
	a. first-in, first-out	?		
	b. weighted average	?		
	c. moving average	?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
	d. any other valuation method (such as a standard cost system) whose results reasonably approximate one of the above historical cost methods	?		
NC-99	Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense as they are issued to the end user for consumption in normal operations)?	?		SFFAS 3, par. 38 & 39
NC-100	Are operating materials and supplies expensed upon purchase (purchase method) if they meet one of the following attributes?			SFFAS 3, par. 40 & 41
	a. they are of insignificant amounts	?		
	b. they are in the hands of the end user for use in normal operations	?		
	c. it is not cost beneficial to apply the consumption method	?		
NC-101	Are inventory and operating materials and supplies acquired through a nonmonetary exchange valued at the fair value of the items received at the time of the exchange, and is the difference between the fair value of the acquired items and the recorded amount surrendered reported as a gain or loss?	?		SFFAS 3, par. 21 & 43
NC-102	Are abnormal costs associated with inventory and operating materials and supplies, such as excessive handling or rework costs, charged to operations of the period?	?		SFFAS 3, par. 21 & 43
NC-103	Are any unrealized gains or losses resulting from periodic reevaluations of inventory captured in a designated allowance account?	?		SFFAS 3, par. 23 & 24
NC-104	Is the cost of stockpile materials removed from the corresponding asset account and reported as an operating expense when issued for use or sale?	?		SFFAS 3, par. 52

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-105	Are abnormal costs of stockpile materials, such as excessive handling and rework costs, expensed in current operations?	?		SFFAS 3, par. 53
NC-106	If historical cost information has not been maintained for existing PP&E, does the entity depreciate or amortize the estimated net remaining cost over its remaining useful life in a systematic and rational manner?	?		SFFAS 6, par. 35, 40, & 41
NC-107	In an exchange transaction with a nonfederal entity, is the difference between the book value (i.e., cost less accumulated depreciation) of PP&E surrendered and the cost of PP&E acquired recognized as either a gain or a loss?	?		SFFAS 6, par. 32
NC-108	In the event that cash consideration is included in the exchange transaction with a non federal entity, is the cost of PP&E acquired either increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received?	?		SFFAS 6, par. 32
NC-109	When assets have been removed from PP&E in anticipation of disposal, retirement, or removal from service, has the entity stopped recording depreciation and amortization expenses for such assets?	?		SFFAS 6, par. 38 & 39
NC-110	For general PP&E that is disposed of, retired or removed from service, is any difference between the book value of the PP&E and amounts realized recognized as a gain or a loss in the period of disposal, retirement, or removal from service?	?		SFFAS 6, par. 38

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-111	For PP&E assets removed from general PP&E accounts prior to disposal, retirement or removal from service, is the expected net realizable value of these assets adjusted at the end of each accounting period, and is any adjustment made recognized as either a gain or loss?	?		SFFAS 6, par. 39
NC-112	Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multiuse heritage assets, recognized and reported separately on the Statement of Net Cost for the period in which the costs are incurred?	?		SFFAS 16, par. 8; OMB Bulletin 01-09, pp. 31 & 32, section 4.3 & p. 91, section 9.22
NC-113	Do the recognized costs of heritage assets also include all costs incurred during the period to bring the items to their current condition at its initial location?	?		SFFAS 16, par. 8
NC-114	Are amounts for heritage assets or stewardship land acquired through donation or devise excluded from the calculation of net cost?	?		SFFAS 8, par.79; SFFAS 16, par. 10; OMB Bulletin 01-09, p. 91, section 9.23
NC-115	If the fair value of donated or bequeathed heritage assets is not known or reasonably estimable, is information as to the type and quantity of assets received disclosed in the notes to the financial statements in the year received?	?		SFFAS 16, par. 10; OMB Bulletin 01-09, p. 91, section 9.23
NC-116	Are costs to acquire, as well as costs incurred to bring the stewardship land to its current condition or prepare it for its intended use, recognized as a cost of the period incurred and disclosed as "Cost of Stewardship Land?"	?		SFFAS 6, par. 69 & 73; SFFAS 8, par. 77 & 119; OMB Bulletin 01-09, p. 91, section 9.22
NC-117	Is the fair value, if known and material, of stewardship land acquired through donation or devise disclosed in notes to the Statement of Net Cost in the year received?	?		SFFAS 6, par. 71; OMB Bulletin 01-09, p. 91, section 9.23

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-118	If the fair value of donated or willed stewardship land is not estimable, is information as to the type and quantity of assets received disclosed in notes to the Statement of Net Cost in the year received, if material?	?		SFFAS 6, par. 71; OMB Bulletin 01-09, p. 91, section 9.23
NC-119	If land included in PP&E is transferred to another federal entity to be used as stewardship land, is the cost to the receiving entity of the transferred land recognized at the book value on the transferring entity's books?	?		SFFAS 6, par. 72
NC-120	If the receiving entity does not know the book value of the transferred land, is the transfer disclosed in the notes to the Statement of Net Cost, if material?	?		SFFAS 6, par. 72
NC-121	When PP&E is placed into service, does the entity estimate the associated clean-up costs?	?		SFFAS 6, par. 94
NC-122	In estimating clean-up costs and liability, has the entity considered the following? a. the level of restoration to be performed b. current legal and regulatory requirements c. current technology d. current costs (i.e., amount that would be paid if all goods and services included in the clean-up estimate were acquired in the current period)			SFFAS 6, par. 95
		?		
		?		
		?		
NC-123	Are estimated clean-up costs periodically revised to account for material changes due to inflation or deflation and changes in regulations, plans, and/or technology?	?		SFFAS 6, par. 96

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-124	When PP&E is placed into service, does the entity recognize cleanup costs during each period that general PP&E is in operation, in a systematic and rational manner based on one of the following methods?			SFFAS 6, par. 97
	a. based on the physical capacity of the PP&E, (e.g., expected usable landfill area)	?		
	b. if physical capacity is not applicable or estimable, based on the estimated useful life of the associated PP&E	?		
NC-125	Does recognition of the cleanup costs and the accumulation of the related liability begin on the date that the associated PP&E is placed into service, continue in each period that operation continues, and end when the PP&E ceases operation?	?		SFFAS 6, par. 98
NC-126	If clean-up costs are reestimated, are the cumulative effects of changes in total estimated cleanup costs related to current and past operations of PP&E immediately recognized as an expense and is the corresponding liability adjusted?	?		SFFAS 6, par. 99
NC-127	When stewardship PP&E is placed into service, does the entity expense the total estimated clean-up costs and establish a liability in the period the asset is placed into service?	?		SFFAS 6, par.101
NC-128	If clean-up costs for stewardship PP&E are reestimated, are any adjustments to the liability associated with clean-up costs expensed in the period of the change in estimate?	?		SFFAS 6, par. 102

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-129	Does the entity disclose the following related to cleanup costs?			SFFAS 6, par 107-111
	a. the applicable laws and regulations covering cleanup requirements	?		
	b. the method for assigning estimated total clean-up costs to current operating periods (e.g., physical capacity versus passage of time)	?		
	c. the unrecognized portion of estimated total clean-up costs for clean-up costs associated with PP&E	?		
	d. material changes in total estimated clean-up costs due to changes in laws, technology, or plans, as well as the portion of the change in clean-up cost estimates that relates to prior-period operations	?		
	e. the nature of estimates and information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations	?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-130	Does the related interest cost of federal debt include the following?			SFFAS 5, par. 53
	a. the accrued (prorated) share of the nominal interest incurred during the accounting period	?		
	b. the amortized discounts or premiums for each accounting period for fixed value securities	?		
	c. the amount of change in the current value for the accounting period for variable value securities	?		
NC-131	If securities are retired before maturity, is the difference between the reacquisition price and net carrying value of the extinguished debt recognized in the period of extinguishment as a gain or loss?	?		SFFAS 5, par. 54
NC-132	If an insured event has occurred as of the financial statement reporting date, has the federal entity recognized an expense for all claims incurred during the period, including, when appropriate, those incurred but not reported and contingencies that meet the criteria for recognition?	?		SFFAS 5, par. 104 & 109
NC-133	Are changes in estimates of claim cost resulting from (1) the present value calculations, (2) the continuous review process, and (3) differences between the estimates and actual payments for claims, recognized as charges against operations of the period in which the estimates are changed or payments are made?	?		SFFAS 5, par. 109
NC-134	If the liability for future [life insurance] policy benefits using current conditions exceeds the liability for future policy benefits under contract conditions (resulting in a premium deficiency), is the difference recognized as a charge to operations in the current period?	?		SFFAS 5, par. 120

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-135	Does the entity recognize an expense for social insurance benefits paid during the reporting period plus any increase (or less any decrease) in the liability for social insurance benefits due and payable to or on behalf of beneficiaries, from the end of the prior period to the end of the current period?	?		SFFAS 17, par. 22
NC-136	For post-1991 direct or loan guarantee programs, is the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows discounted at the interest rate of marketable Treasury securities with similar maturity to the cash flows?	?		SFFAS 2, par. 24; SFFAS 19, par. 6
NC-137	For post-1991 direct or loan guarantee programs, are the net present values recognized as expense in the year the loan is disbursed?	?		SFFAS 2, par. 24; SFFAS 19, par. 6
NC-138	Are the following components of estimated subsidy costs (and offsetting receipts) of post-1991 loans and guarantees separately recognized?			SFFAS 2, par. 25-29
	a. interest subsidy costs	?		
	b. default costs	?		
	c. present value of fees and other collections	?		
	d. other subsidy costs	?		
NC-139	Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method?	?		SFFAS 2, par. 30, 31, and app. B, part I B (2); SFFAS 19, par. 7(a)
NC-140	If the effective interest for post-1991 direct loans is less than the nominal interest, is the subsidy cost allowance increased by the difference and recognized as a reduction in interest income?	?		SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a)
NC-141	If the effective interest for post-1991 direct loans is greater than the nominal interest, is the subsidy cost allowance decreased by the difference and recognized as an increase in interest income?	?		SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a)

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-142	Is interest accrued and compounded on the liabilities of post-1991 loan guarantees at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed, after adjusting for the interest reestimate?	?		SFFAS 2, par. 31 & app. B, part III B (2); SFFAS 19, par. 7(b)
NC-143	Is the interest accrued and compounded on the liabilities of post-1991 loan guarantees recognized as an interest expense?	?		SFFAS 2, par. 31 & app. B, part III B (2)
NC-144	Does the entity measure and disclose reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically: the interest rate reestimate and the technical/default reestimate?	?		SFFAS 18, par. 9

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-145	Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the interest rate and technical /default reestimates recognized as a subsidy expense (or a reduction in subsidy expense) and disclosed separately by component?	?		SFFAS 2, par. 32; SFFAS 18, par. 9; OMB Bulletin 01-09, pp. 62 & 71, section 9.8, item E2 & pp. 66 & 73, section 9.8, item L2
NC-146	If the assumed interest rates used in calculating the subsidy expenses for cohorts from which direct or guaranteed loans are disbursed differ from the rates prevailing at the time of the loan disbursement, is an interest rate reestimate for those cohorts made as of the date of the financial statements?	?		SFFAS 18, par. 9 (A)
NC-147	Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments?	?		SFFAS 18, par. 9 (B)
NC-148	Are technical/default reestimates made each year as of the date of the financial statements?	?		SFFAS 18, par. 9 (B)
NC-149	In a note to the financial statement, does the entity display a reconciliation between the beginning and ending balances of the following? a. the subsidy cost allowances for outstanding direct loans b. the liability for outstanding loan guarantees reported in the entity's balance sheet			SFFAS 18, par. 10
		?		
		?		
NC-150	Does the reconciliation of beginning and ending subsidy cost allowances and loan guarantee liability balances include changes in the following? a. interest subsidy costs, default costs, fees and other collections, and other subsidy costs b. interest rate and technical/default reestimates c. other adjustments			SFFAS 2, par. 25-29; SFFAS 18, par. 10
		?		
		?		
		?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-151	For direct loans, do other adjustments include loan modifications, fees received, loans written off, foreclosed property or other recoveries acquired, and subsidy allowance amortization?	?		SFFAS 18, par. 10
NC-152	For loan guarantees, do other adjustments include loan guarantee modifications, fees received, interest supplements paid, claim payments made to lenders, foreclosed property or other recoveries acquired, and interest accumulated on the loan guarantee liability?	?		SFFAS 18, par. 10
NC-153	In its notes to the financial statements, does the entity include a description of the characteristics of the program it administers, including the following?			SFFAS 18, par. 11 (A)
	a. the total amount of direct or guaranteed loans disbursed for the current and preceding reporting years	?		
	b. interest subsidy costs, default costs, fees and other collections, and other subsidy costs	?		
	c. interest rate and technical/default reestimates	?		

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-154	Does the reporting entity disclose, at the program level, the subsidy rates for direct loans and loan guarantees in the current year's budget for the current year's cohorts, the following items?			SFFAS 18, par. 11 (B)
	a. total subsidy cost	?		
	b. interest subsidy costs	?		
	c. default costs (net of recoveries)	?		
	d. fees and other collections	?		
	e. other costs	?		
NC-155	If the entity uses trend data to display significant fluctuations in subsidy rates, are these data accompanied by an analysis that explains the underlying causes for the fluctuations?	?		SFFAS 18, par. 11 (B)
NC-156	Does the reporting entity disclose, discuss, and explain events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expenses, and subsidy reestimates?	?		SFFAS 18, par. 11 (C)
NC-157	Does the disclosure and discussion also include events and changes that have occurred and are more likely than not to have a significant impact, but whose effects are not measurable at the reporting date?	?		SFFAS 18, par. 11 (C)

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-158	Are default costs estimated and periodically reestimated for each post-1991 loan and loan guarantee program on the basis of separate cohorts and risk categories?	?		SFFAS 2, par. 33
NC-159	In estimating default costs, has the entity considered the following factors?			SFFAS 2, par. 34
	a. loan performance experience	?		
	b. the current and forecasted international, national, or regional economic conditions that may affect the performance of the loans	?		
	c. financial and other relevant characteristics of borrowers	?		
	d. the value of collateral to loan balance	?		
	e. changes in recoverable value of collateral	?		
	f. newly developed events that could affect the loans' performance	?		
	g. improvements in methods to reestimate defaults	?		
NC-160	In estimating and reestimating future default costs for each group, cohort, and risk category of loan and guarantee, has the agency used a systematic methodology based on actual historical experience?	?		SFFAS 2, par. 35 & 36
NC-161	Is interest (at the discount rate in effect when the loans were first disbursed) accrued on post-1991 direct loans, including amortized interest, recognized as interest income?	?		SFFAS 2, par. 37 & app. B, part I B (2) & C
NC-162	Is interest (at the original discount rate) accrued on debt to the Treasury arising from post-1991 direct loans recognized as interest expense?	?		SFFAS 2, par. 37 & app. B, part I B (2) & C

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-163	Is interest (at the discount rate in effect when the loans were first disbursed) accrued on liability of post-1991 loan guarantees recognized as interest expense?	?		SFFAS 2, par. 37 & app. B, part III B (2) & C
NC-164	Is interest (at the original discount rate) due from the Treasury on uninvested funds associated with post-1991 loan guarantee liabilities recognized as interest income?	?		SFFAS 2, par. 37 & app. B, part III B (2) & C
NC-165	Are costs for administering credit activities (such as salaries, legal fees, and servicing) incurred in support of direct loan and guaranteed loan programs recognized as administrative expenses and not included in direct loan and loan guarantee subsidy costs?	?		SFFAS 2, par. 38
NC-166	Are administrative expenses for loans and guarantees broken out and disclosed by program, if material?	?		OMB Bulletin 01-09, p. 67 & 74, section 9.8, item O
NC-167	Are losses (as well as valuation allowances and corresponding liabilities) of direct loans obligated and loan guarantees committed before October 1, 1991, recognized when it is more likely than not that the direct loans will not be totally collected or that the loan guarantees will require a future cash outflow to pay default claims?	?		SFFAS 2, par. 39
NC-168	If, at the time of the foreclosure, the expected net realizable value of pre-1992 foreclosed property is less than the cost (i.e., the carrying amount of the loan, or for a loan guarantee, the amount of the claim paid), is the loss charged to operations and tracked in a valuation allowance account?	NA	DoD does not have pre-1992 loans.	SFFAS 3, par. 86
NC-169	If the pre-1992 foreclosed asset's net realizable value subsequently increases or decreases, does the entity credit or charge this amount to results of operations and adjust the valuation allowance?	NA	DoD does not have pre-1992 loans.	SFFAS 3, par. 86

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-170	Upon sale of foreclosed property, is any difference between the net carrying amount of foreclosed property and the net proceeds of the sale recognized as a component of operating results?	?		SFFAS 3, par. 89
NC-171	For post-1991 foreclosed property, is interest income accrued from the previous periodic adjustment in the carrying amount up to the sale date?	?		SFFAS 3, par. 89
NC-172	For post-1991 foreclosed property, is the resulting difference between the adjusted carrying amount and the net sales proceeds recognized as a reestimate of "subsidy expense?"	?		SFFAS 3, par. 89
NC-173	For pre-1992 foreclosed property, is the difference between the adjusted carrying amount and net sales proceeds recognized as a gain or a loss on the sale of foreclosed property?	NA	DoD does not have pre-1992 loans.	SFFAS 3, par. 89
NC-174	If pre-1992 or post-1991 direct loans are modified, is the excess of the premodification value over the postmodification value recognized as a modification expense?	?		SFFAS 2, par. 45 & app. B, parts I D (1-3) & II B (1-3)
NC-175	If the cost of modifying pre-1992 or post-1991 loans is greater than the decrease in the loans' book value, is the difference recognized as a gain?	?		SFFAS 2, par. 48 & app. B, parts I D (4 & 5) & II B (4 & 5)
NC-176	If the cost of modifying pre-1992 or post-1991 loans is less than the decrease in the loans' book value, is the difference recognized as a loss?	?		SFFAS 2, par. 48 & app. B, parts I D (4 & 5), & part II B (4 & 5)
NC-177	If pre-1992 or post-1991 loan guarantees are modified, is the excess of the postmodification liability over the premodification liability recognized as a modification expense?	?		SFFAS 2, par. 49 & app. B, parts III D (1-3), & IV B (1-3)
NC-178	If the cost of modifying pre-1992 or post-1991 loan guarantees is greater than the increase in the book value of the related loan guarantee liabilities, is the difference recognized as a gain?	?		SFFAS 2, par. 52 & app. B, parts III D (4 & 5), & IV B (5)

Statement of Net Cost

ID #	Question	Answer	Discussion	Source
NC-179	If the cost of modifying pre-1992 or post-1991 loan guarantees is less than the increase of the related loan guarantee liabilities, is the difference recognized as a loss?	?		SFFAS 2, par. 52 & app. B, parts III D (4 & 5) & IV B (5)
NC-180	If the premodification value of post-1991 and pre-1992 loans sold exceeds the net proceeds from the sale, is the excess treated as the cost of modification and recognized as a modification expense?	?		SFFAS 2, par. 45 & 53 & app. B, part I F (1)
NC-181	If a loan is sold with recourse, is the present value of estimated losses under the recourse or guarantee obligations recognized as a subsidy expense and as a loan guarantee liability?	?		SFFAS 2, par. 54
NC-182	If the modification expense arising from a loan sale is greater than the book value loss, is the difference recognized as a gain?	?		SFFAS 2, par. 55 & app. B, part I F (2)
NC-183	If the modification expense arising from a loan sale is less than the book value loss, is the difference recognized as a loss?	?		SFFAS 2, par. 55 & app. B, part I F (2)